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**Task Force
On
Small & Rural Communities
Challenges and Opportunities
Discussion Paper**

Chairman: Mayor

George Ferguson,
Abbotsford, B.C.

Members: Councillor

C. Phelps,
President, S.A.R.M.

Alderman

G. Davison,
Medicine Hat, Alberta

Input:

Regional Committees

FEDERATION OF CANADIAN MUNICIPALITIES

DISCUSSION PAPER

ON

SMALL AND RURAL COMMUNITIES: CHALLENGES AND OPPORTUNITIES

SMALL AND RURAL MUNICIPALITIES: THE ISSUES TODAY

Notwithstanding the 1981 Census that foreshadows a rise in rural population, Canada, like other developing countries in this century, has been characterized by the growth and development of large cities and metropolitan centres. Population has become increasingly concentrated in a few geographical areas which are perceived to be the principal foci of the country's cultural, financial, economic and social activities. For some, this represents an inevitable process of urbanization. Areas that possess natural economic advantages have attracted private investment and the largesse of public investment from governments. This has been accompanied by extraordinarily rapid technological change which, in turn, has brought about an equally dramatic transformation in traditional ways of carrying out various types of economic activity, particularly in the agricultural sector. These factors, combined with increasingly sophisticated means of communication and transportation, have led to the demise and stagnation of many small and rural communities across Canada. This trend continues today.

URBANIZATION

Although there are identifiable differences between the quality of life and life styles of those who live in large urban centres and those who live in small and medium-sized communities, the essence of community life is not so different. Smaller communities are as urbanized as larger centres,

if urbanization is taken to refer to the contemporary nature of community living. For this reason, it is difficult to explain urbanization simply as a process which reflects the desires of people to live in large urban centres. It is perhaps more reasonable to argue that the growth and development of cities is a result of larger economic factors. It is the city which has the financial capability to develop the infrastructure required to accommodate various types of industry and manufacturing concerns. It is the city, particularly its central core, which offers various investment institutions the opportunity for profitable returns on real estate investment. It is the city which provides a large workforce for both public and private sector needs. The list goes on, but the point is clear: urban centres have great economic importance. This is important to understand in order to put the future of small and medium-sized communities into a realistic perspective.

It is assumed by some commentators that urbanization will continue its course until the vast majority of Canadians will be living in a very few urban centres. From this perspective, the future of many smaller municipalities is bleak. However, despite the strategically important role of cities in the modern economy, it would be wrong to assume that the uncertain future of small and rural municipalities reflects an inevitability brought about by natural economic forces. The uncertainty is due more to the failure of governments at all levels to make Canada's growth and development a matter of deliberate public policy, rather than political expediency and ad hoc decision-making. To argue otherwise is to ignore that small and rural municipalities have their own economic importance, essential governmental functions to perform, a significant role to play in providing Canadians with an alternative way of life to that of the larger urban centre, and a special place in Canada's cultural and social heritage.

COMPETITION AND DEPENDENCY

Small, medium-sized and rural municipalities are caught in a web of competition for public and private investment. They compete with each other and with larger municipalities, the latter having an immense advantage with respect to both resources and their generally greater municipal autonomy, seeing in such proposals a further weakening of their competitive positions for private investment, and ability to obtain assistance from the other orders of government.

Under the circumstances, it is understandable why some small, medium-sized and rural municipalities regard the big cities as having interests quite different from their own, and why many of them view proposals to give municipalities more autonomy, including constitutional recognition, with concern. Despite their own lack of autonomy and state of dependency, smaller municipalities experience a greater sense of security than they believe would be the case if the larger municipalities had greater financial and legislative autonomy. Even so, this sense of security is not accomplished by any degree of certainty about the future. Indeed, there can be no such certainty in a situation of dependency and competition, and absence of clear federal and provincial policies and commitments.

UNCERTAINTY

Canada's future has become uncertain and the subject of much searching discussion and examination. And, once again, municipalities, large and small are pointing to the need for intergovernmental consultations among Canada's three orders of government, and a greater sense of partnership between and among governments, and between the public and private sectors.

Small, rural and medium-sized municipalities are in a position of dependency, but do not have the same degree of certainty about their futures as do larger municipalities. Economic changes, and changes in the policies of the other orders of government, may jeopardize their very existence, or at least leave the future very uncertain. Small communities of a few hundred or thousand people may, and do, disappear without much expression of public concern.

Those smaller municipalities located in the hinterland areas of Canada are faced with uncertainty. Increasingly, the economic reasons for their existence have disappeared with rapid technological change and resultant changes in government policies designed to secure Canada's competitive position in the world economy. Changes, for example, to Canada's transportation policies, including rail routes and freight rates, have had a profound impact on the economies of small and rural municipalities. Such changes are justified on the grounds that Canada must have an effective and efficient system to transport its products to markets.

VARIATIONS

Although the vulnerability of small, rural and medium-sized municipalities is greater than that of larger municipalities, they are faced with the possibility of imminent or eventual demise. Their situations differ from one province to another, and within regions of individual provinces. Economic factors and locations determine, in large measure, the health and vitality of smaller communities. Those communities located in provinces with highly diversified economies enjoy opportunities which their counterparts in resource-based provincial economies do not, as well as a greater capacity to struggle through difficult economic times. Those communities which have a diversified local economy are much better off than those which are one-industry towns. Those which are

located in close proximity to large urban centres have a more secure future as bedroom or satellite communities, than those in the hinterland whose raison d'être may come increasingly into question with economic and technological change.

FEDERAL AND PROVINCIAL INVOLVEMENT

Despite rational economic explanations for the growth and development of larger municipalities, and despite justifications for allowing private sector decisions to determine where it is most profitable to invest, governments are concerned about what a continuation of current trends may mean for the future. More especially, both federal and provincial governments should be concerned about the financial implications of their having to underwrite the costs of maintaining, upgrading and expanding municipal infrastructures to accommodate further growth and development in larger centres. These costs become greater if account is taken of the underutilized and foregone infrastructure capabilities of small and medium-sized municipalities.

There is, moreover, concern about the importance of smaller municipalities in key sectors of the Canadian economy. Their role in the agricultural sector and the development of Canada's tourist industry, for example, cannot be ignored. Neither is it possible to ignore the importance of smaller municipalities for the well-being of Canadians. The evidence is clear, as reflected in the 1981 Census, that many Canadians are choosing to retire to smaller communities. Not only does this call into question the assumption that life in larger centres is the first preference of all those that live in them, but carries implications for both larger and smaller municipalities as the number of elderly grows in proportion to the rest of the population. As well, it is recognized that the concentration of economic activity and population produces problems the costs of which outweigh the benefits of such

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concentration. For example, various forms of environmental pollution and loss of prime agricultural land to urban purposes are the object of growing public concern.

The competitive nature of municipal relations makes provincial governments extremely careful to ensure that their policies and programs do not appear to give unfair advantage to one or more of their municipalities. Smaller municipalities often insist that provincial decisions do not entail preferential treatment for one of their competitors. Indeed, this competition for public investment, is the major problem for provincial governments which wish to implement regional development programs based on the identification of growth centres.

However, there is evidence to suggest that federal and provincial governments are prepared to pursue economic decentralization. Although no province has a comprehensive policy with respect to the pattern and nature of growth and development within its borders, several provinces have generally stated commitments to decentralization. Furthermore, some provinces have introduced measures to encourage municipalities to engage in cooperative activities in regional planning and economic development. As well, certain provinces provide various forms of assistance to aid municipalities in the development of their administrative and planning capabilities. Such initiatives suggest that provincial governments are well aware of and concerned about the negative consequences of unbalanced growth and development. At the same time, they are sufficiently sensitive to political and pragmatic considerations not to wish to limit their options by developing clear public policy on the distribution of growth and development.

It should also be noted that the federal government has a long-standing commitment to economic decentralization through such instrumentalities as the Economic Regional Development

Agreement Program of the Department of Regional Industrial Expansion.

Thus, despite the lack of clear provincial policies, and what some consider to be the questionable worth of federal efforts, the fact that these two orders of government have shown a willingness to assist smaller and medium-sized municipalities, appears to place the latter in a position to take some concrete initiatives of their own to secure their futures.

OPTIONS: THE CHALLENGES/THE OPPORTUNITIES

THE CHALLENGES

The future for smaller municipalities does not have to be as bleak as some would suggest. By taking a more self-assertive approach, they have the potential to turn events in their favour, and to create opportunities for themselves. They do not have to submit to what some commentators perceive to be the inevitability of concentrated urbanization. In addition, there are other factors that can work to their benefit. By cooperating, for instance, with suburban municipalities, and those which have become closer to a major centre through the extension of modern transportation and communication systems, municipalities can develop regional approaches to economic development which will give the larger urban centres greater political and economic leverage in planning their own affairs, while creating similar opportunities for those smaller municipalities within its sphere of influence.

In addition, it seems likely that technological innovation in two fields - transportation and communication - will be those more likely to affect the small community. Improvements in these two fields have a great potential to better the situation of the small community by tying it more closely to

the various services offered only by the larger urban centres (e.g., education television) and providing easier access. On the other hand, too close a tie endangers the individuality of the small town or community - a factor which is difficult to quantify but, nevertheless, is an important consideration to many people.

In any case, the following conclusions seem likely:

1. The management and manipulation of information will be key to the small community's viability in the future. The increasing dissemination of information will enable small community managers and planners to be much more aware of techniques, programs, seminars, conferences, etc. than ever before. Consequently, the opportunity for professional development will increase. Community managers will become the new technologists within the municipal sphere, causing greater demands upon politicians to keep abreast of current techniques, the availability of information, etc.
2. Transportation and communications innovations will serve to strengthen the linkage between smaller communities and larger urban areas for selected goods and services.
3. Specific transportation technologies will act to alter the relative accessibility of communities, and be reflected in the structure of freight rates. This may well act as a stimulus or deterrent, depending upon the specific situation of the town, to continued economic stability in specific towns, although it is virtually impossible at the present time to predict these specific technologies or their effects.
4. A closer tie to the large metropolitan centres through improved transportation and communication linkages may imply a greater levelling or homogenization of small communities and metropolitan areas. This effect could promote a homogeniza-

tion of value systems as well, and could well spell significant stress in smaller communities as big city values are adopted. The management of this stress will put further demands upon municipal managers and politicians.

With respect to efforts by provincial and federal governments to decentralize growth and development, there are concerns about how such efforts will impact on many smaller municipalities. The identification of growth centres in regions may affect negatively those municipalities which are not so identified. In addition, federal initiatives to deal with regional economic disparities are also likely to have negative consequences for smaller municipalities.

THE OPPORTUNITIES

Uncertainty is the key element in the future of small, rural and medium-sized communities. There are many reasons for this. They include: absence of national urban policy, the absence of clear federal and provincial policies with respect to decentralization and regional development, the failure on the part of federal and provincial governments to coordinate their policies and programs, the reluctance of federal and provincial governments to enter into intergovernmental consultations with municipal governments, the intellectual tendency to view urbanization as an inevitable process rather than the product of human decisions and actions, the failure on the part of federal and provincial governments to analyze, anticipate, and monitor the consequences of their policies and programs for municipalities, the competition among municipalities for public and private investment, the apparent necessity for federal and provincial governments to subordinate the development of long-term policies to the changing world economy, and the seeming reluctance of smaller municipalities to make those types of changes and investments which will allow them to develop their potential and create a future for themselves.

It may be argued that smaller municipalities cannot afford to wait for other orders of government to develop policies which will clarify the future for them. It may also be argued that smaller municipalities cannot afford to submit to a mentality of dependency in relation to the other orders of government. Neither should they assume that the future is beyond their control and influence.

Those smaller and medium-sized municipalities which are prepared to accept responsibility for their affairs and to make appropriate investments in their futures, are more likely to survive and prosper than those which do not. This may be self-evident. However, it is not necessarily the case that smaller municipalities are adopting a more self-assertive approach to their affairs. Some have, and with great success. Others are reluctant to make the kinds of commitments required to secure their positions in a rapidly changing world.

These commitments appear to depend, in large part, on strong political and administrative leadership, and planning capabilities. Reluctance is frequently associated with the limited financial resources of the smaller community. It is observed that the smaller community is often not in a position financially to employ the personnel and acquire the resources necessary to put it on a stronger footing with respect to attracting private investment, exploiting to the full the policies and programs of the other orders of government, and making better use of its existing resources. Of course, those communities struggling for survival may wish to consider whether they can afford not to make such investments. Reluctance may also be caused by uncertainty resulting from the unpredictable nature of provincial and federal policies and programs, and changing economic conditions. Some communities are unprepared to make investments in the fear that they may turn out to be futile and an added burden on their already

strained resources. Once again, the question on this point appears to centre on a municipality's willingness to employ people equipped to provide professional assessments of its potential and opportunities, and to support aggressive leadership from its elected representatives.

Apart from the above, smaller municipalities often have problems obtaining information about federal and provincial policies and programs, and understanding such information when they get it. In part, this may reflect administrative and professional deficiencies, however, there is evidence to suggest that the other orders of government could be far more helpful in this regard. Further, problems are encountered when it is determined that policies and programs do not encompass smaller municipalities, or fail to be flexible enough to take account of their particular needs and circumstances, or involve requirements that they cannot meet. In this area, it would appear that smaller municipalities require strong representation of their interests through their municipal associations.

RECOMMENDATIONS

In light of the above, it is the recommendation of the FCM Task Force on Small and Rural Challenges and Opportunities that the FCM:

1. encourage small and rural municipalities to adopt a self-help approach to their futures and opportunities for growth and development;
2. include in its publications, research activities, policy development and communications with the federal government, an appreciation of and initiatives with respect to the needs, interests, activities and importance of Canada's smaller municipalities;

3. provide a focus through its communications and other activities that will assist, small, medium-size and rural members in developing their administrative and planning capabilities. To this end, the Federation will endeavour to circulate the Management and Planning Capabilities in Small Communities study to all such municipalities;
4. encourage the federal government to:
 - a) develop a national policy framework within which to coordinate the programs of its various departments where they are aimed at or impact on the municipal interests of small and rural municipalities specifically;
 - b) discontinue the practice of terminating programs in mid-stream;
 - c) include input from individual municipalities in federal planning, development, implementation and evaluation of municipal programs relevant to small and rural municipalities;
 - d) provide briefings and information regularly for municipalities on current and new programs that have relevance to small and rural municipalities;
 - e) ensure that all municipalities are adequately equipped in terms of financial and management capacity to participate in joint programs;
5. urge the federal government to recognize the Federation of Canadian Municipalities as the voice of small and rural municipalities in Canada and in consultation with the FCM to:
 - a) assess the consequences of changes to federal policies and programs for small and rural municipalities, including not only those policies and programs which impact directly on municipalities, but also monetary, fiscal, and economic policies, as well as policies in the areas of transportation, communication and housing.

- b) to monitor the consequences of federal policies and programs which impact directly or indirectly on small and rural municipalities, particularly policies with respect to the development of a national transportation system, regional projects under the Economic Regional Development Agreement (ERDA), and housing policies to ensure that small municipalities are able to participate in and benefit from all federal programs;
6. work with provincial and territorial associations in representing the broader interests of small and rural municipalities across Canada in intergovernmental consultations, and interprovincial areas of concern;
7. lend its support and collaboration to provincial and territorial associations to urge provincial and territorial governments to:
- a) assist small municipalities to examine critically the role of planning in their communities, as well as the community planning process itself;
 - b) augment their municipal management and training program;
 - c) expand their municipal affairs resources in the areas of policies and programs for small municipalities. The two main areas of activity in this regard are:
 - i) management training and education for personnel, and
 - ii) provision of community planning advisory personnel;
 - d) adopt and publicize targets for upgrading management and planning capabilities in their small municipalities.
 - e) examine opportunities for developing guidelines and applying selected (minimum) standards for management and planning resources and practices;

- f) assist small and rural municipalities in the preparation of an economic development program;
- g) emphasize cooperative economic development activities and efforts between municipalities, and provide supporting funds and advisory services on that basis;
- h) coordinate community planning activities, and changes to the municipal tax system to encourage cooperation and economic development;
- i) prepare and disseminate broad statements of policy relating to the role and development of small and rural municipalities;
- j) prepare overall regional settlement plans and development programs to assist small and rural municipalities to manage their own development within an explicit government policy context of the provincial and territorial governments;
- k) provide community planning advisory personnel to assist municipalities in the preparation of development plans and, no less important, to assist them in the management of day-to-day development control issues;
- l) fulfill commitments under any municipal program and discourage the practice of discontinuing programs in mid-stream;
- m) include in the development and implementation of infrastructure programs assessments of the needs of small and rural municipalities, and appropriate levels of financial assistance to them;
- n) analyse changing demographic trends, attitudes and expectations, in an effort to anticipate what these changes will mean for smaller and rural municipalities, and examine traditional assumptions about the inevitability of population concentration in urban centres.

